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SUBJECT: STAFFDEL KESSLER DISCUSSES IRAN SANCTIONS IN
AUSTRIA

Classified by: Economic-Political Counselor J. Dean Yap for
reasons 1.4 (b) and (d).

¶1. (C) Summary: Richard Kessler, Staff Director of the House Committee on Foreign Affairs (HCFA), and David Fite, HCFA Staff Member, discussed the Iranian nuclear program in Vienna November 9 with GOA officials and MPs from key political parties. The Staffdel emphasized that the U.S. seeks to engage Iran rather than impose sanctions, but Iran has failed to respond. If Iran continues to reject dialogue, effective sanctions imposed by the UNSC would be most preferable, but unilateral measures might be necessary, in which case the EU and others should be prepared to join the U.S. in that effort. MFA officials acknowledged that sanctions may become necessary, but urged patience in waiting for Iran to determine its next steps. A leading Social Democratic (SPO) MP argued that the Iranian nuclear program should be addressed as part of a nuclear free Middle East, while a Conservative Party (OVP) colleague maintained that London and Paris are concerned about weakening U.S. support for tough sanctions. Kessler replied that U.S. efforts to engage Iran are part of a global effort to reduce nuclear weapons, and that the HCFA is moving tough unilateral sanctions to be imposed on Iran through the House of Representatives. End Summary.

MFA Urges Patience with Iran

¶2. (U) Kessler told a group of officials from the MFA, Economics Ministry, and Finance Ministry that the U.S. would rather engage Iran than impose sanctions. Americans have empathy for the Iranian people. There are close personal connections between the two societies -- many Iranians study in the U.S., for example. The USG understands the Iranians' security concerns. However, Iran can address those concerns by developing friendly relations with the U.S. rather than nuclear weapons capability. President Obama is offering Iran an opportunity to engage the U.S. in a dialogue, he said.

¶3. (C) Friedrich Stift, MFA Middle East Director, replied that he hopes the Iranians grasp the hand that President Obama has extended. He averred that the West should be willing to wait for Iran to make its decision. Given the post-election political turmoil in Iran, the regime is nervous about its next move. Sanctions have not worked, so the West should be in no rush to implement them. If the Iranians delay too long, he conceded, Western patience will run out and sanctions will be inevitable. If it comes to that, the GOA believes sanctions should be imposed by the UNSC. We should also be careful as to who in Iran could benefit from new sanctions; we do not want to empower Ahmadinejad further. Also, the whole issue is complicated by Tehran's perception that the U.S. has not in the past been engaged with Iran, turning down their 2005 freeze-for-freeze offer for example. The EU Situation Center is preparing an

assessment for the EU on possible targeted sanctions on Iran, to be presented this month, Stift said.

¶4. (C) Kessler replied that UNSC sanctions can be effective, but only if Security Council members agree on tough measures. He maintained that sanctions have, in fact, had some effect in pressuring the Iranian regime toward dialogue. Moreover, the recent elections and their violent aftermath have undermined the regime's standing among its own people. Recent polls indicate that the Iranian public would accept sanctions that hurt the regime, even if they caused some hardship for ordinary citizens.

¶5. (C) Fite noted that Iran controls the pace and direction of its engagement with the West through the development and use of centrifuges. Iran has no significant nuclear energy program and won't for years to come. It has no energy-related need for more centrifuges. Some of its facilities, like the recently disclosed plant at Qom, are useless for energy purposes but could play a role in an arms program. The regime's nuclear activities are pushing the process toward sanctions and away from dialogue, Fite said. It is not clear whether the Iranians were ever serious about an agreement to send enriched uranium out of the country. The Iranian regime is being tested by President Obama's offer of dialogue; so far there have been no results, he said.

SPO MP Calls for Nuclear Free Middle East

¶6. (C) Josef Cap, Social Democratic MP and Chairman of the Foreign Policy Committee, said the GOA recognized that sanctions may become necessary, noting that FM Spindelegger

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had said the patience of the West was "running out." He said Austria, as a small country, would not want to be the first or the last to support sanctions. At the same time, Cap was skeptical about the utility of sanctions. He asserted that imposing sanctions on Iran would contradict President Obama's offer of dialogue. "What kind of dynamic does he want to create with sanctions? Military confrontation?" he asked. Kessler noted that the U.S. and the EU had made a number of offers to Iran over the years. In each case, Iran had indicated agreement, only to pull back, just as they have done with the abortive agreement to transport enriched uranium out of the country. This type of behavior makes it appear that the regime does not want to reach an agreement, leaving sanctions as the only option, he said. He questioned whether Iran was capable of coming to a decision while it is facing the pressure of sanctions and isolation by the international community.

¶7. (C) Cap maintained that the Iranian nuclear issue could best be addressed as part of a broader effort to establish a nuclear free zone across the Middle East -- including Israel.

Kessler noted that President Obama had called for a worldwide reduction in nuclear weapons. Kessler expressed the hope for a nuclear free world. U.S. efforts to engage Iran on its nuclear program are part of that broader effort. If Iran were to develop nuclear weapons, other states in the region would likely follow suit, he said.

OVP MP: Is UNSC Ready for Tough Sanctions?

¶8. (C) Wolfgang Schuessel, People's Party MP and Foreign Policy Spokesman, averred that the agreement to transport enriched uranium out of Iran had been the "best possible offer," and Iran had rejected it. The question now, he said, was whether the UNSC was prepared to impose tough sanctions. Schuessel maintained that some in London and Paris were concerned that the Obama administration was softer on sanctions than its predecessor. Kessler said the USG was prepared to impose unilateral sanctions if the UNSC were unable to reach agreement on effective measures. The House

Foreign Affairs Committee had passed a set of sanctions on refined petroleum products. The legislation could be brought to the floor of the full House at any time, and it would be quickly approved by both the House and Senate and then sent to the President for signature, he said.

Green MP Questions Urgency of Threat

¶9. (C) Alexander Van der Bellen, Green Party MP and Foreign Policy Spokesman, said he was concerned about Iran's nuclear program, and about human rights abuses committed by the regime against its own people. At the same time, though, he was unsure of the urgency of the nuclear threat. Some in Austria's Jewish community view the Iranian regime as "apocalyptic," and fear Iran would launch a nuclear strike against Israel if it could. However, the regime's behavior appears more rational than that, he said. Moreover, India and Pakistan are sworn enemies and have had nuclear weapons for years without using them, he said. Kessler replied that the Iranian regime is not suicidal, but a nuclear-armed Iran would destabilize the region. Neighboring countries are deeply concerned about Iranian power and influence. If Iran developed one bomb, some other state in the region would decide to take action before they built more. Regarding India and Pakistan, though the two countries have not used nuclear weapons the danger remains real, he said. Fite added that an Iran with a nuclear capability, regardless of how quickly it has a significant arsenal of weapons, would severely undermine the Nonproliferation Treaty and nuclear non-proliferation regime, and set back the goal of reducing global nuclear weapons.

¶10. (U) Staffdel Kessler cleared this message.
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